

Stone Town Council

5th June 2016

Council Accounts 2015-16 and Audit Submission

Report of Town Clerk

Introduction

1. This report sets out the Council's accounts for 2015-16. It compares the final outturn figures with the original budget for the year and the forecast produced as part of the budget process.
2. The proposed submission to the Council's external auditors is also attached for approval.

Background

3. The Council's financial year runs from 1 April to 31 March. It is required to keep its accounts for that period in accordance with legal requirements, to report them for approval by the Council within three months of the year end, and to submit an annual return to its external auditors to a similar timescale.
4. The Council is also required to employ the services of an internal auditor, who will examine the accounts, review the Council's internal control, complete the internal audit section of the annual return, and may produce a report identifying any areas of concern to Members. This internal audit has been performed, as in previous years, by Geoff Wright, who will be reporting independently to the Council, as required.
5. Subject to certain limited requirements, councils which turn-over less than £6.5 million per annum are not expected to comply with the accounting standards required of larger local authorities and are largely free to determine their own form of accounts, subject to national recommendations on proper practices.

Accounts 2015-16

6. The Council's net revenue spending for 2015-16 was £234,104. This can be seen in detail in the Income and Expenditure Account set out at Appendix 1. The resulting effect on the Council's balance sheet can be seen at Appendix 2.
7. This net spending of £234,104 compares with £195,878 in the previous year, an approved budget of £310,500 and a forecast made at the time the 2015-16 budget was prepared of £299,700. This is set out in more detail in Appendix 3.
8. Explanations of the major variations between the original budget and the forecast were included in a series of budget reports to this Committee and its Sub-Committees in January.

Details of the major variations from the forecast that was made at the time the 2015-16 budget was prepared are set out later in the report.

9. In a number of cases identified below, spending was originally anticipated and provided for in 2015-16, but that expenditure has been delayed until the current year. In such cases I have recommended that the budgets be rolled forward to the new financial year to meet the costs when they are incurred. A figure of £46,000 has been contributed to the Rollover Reserve to allow this transfer between years to happen. The details of the makeup of this reserve are set out in the explanation of variances below.

Explanation of Variances from Forecast

10. Appendix 3 shows that the Council's net expenditure for 2015-16 was £65,596 less than forecast at the time the budget was prepared in January. Of this, £46,000 relates to budgets rolled over into the current financial year, leaving a true variance of £19,596 – an underspending of 6.5%.
11. Details of the more significant variances (over £1,000) are set out below:
12. **Frank Jordan Centre (net £15,426 underspent)** – Income was £219 above forecast and expenditure £15,207 below. £15,000 of the underspending relates to funding earmarked for refurbishments at the Centre, which has been rolled over into 2016-17 via the rollover reserve.
13. **Stone Station (net £1,882 underspent)** – Income was £187 below the forecast, and expenditure £2,069 below.
14. **Town Market (net £7,267 underspent)** – Income was £1,951 above forecast and expenditure £5,316 below. The underspending largely related to an increase in market stalls above the level estimated, with the spending contingency for repairs and erection of stalls remaining largely unspent.
15. **Bus Shelters and Street Furniture (£9,197 underspent)** – This underspending was due to works planned for 2015-16 not taking place. An amount of £4,000 has been rolled forward via the rollover reserve to meet the costs of the new bus shelter at Walton Shops.
16. **Building Maintenance (£14,800 underspent)** – This is a budget against which no spending is ever shown. As spending needs are identified in other areas of the Council, costs are charged direct to those areas, and the budget vired from building maintenance to them to cover it. Since the forecast was prepared no further spending has been identified to be met from the reserve. The £14,800 has been rolled forward into 2015-16 via the rollover reserve.
17. **Grounds Maintenance (£1,352 overspent)** – This relates to additional work for tree pruning and removal of willows at Crown Meadow, and the removal of a fallen tree.

18. **Crown Meadow Improvements (£1,576 underspent)** – Virtually none of this budget was spent, although some work on benches at the Crown Meadow has been included with other benches against the street furniture budget.
19. **Allotments (£2,228 underspent)** – works to hedges at Mount Road and roads and water pipe repairs at Newcastle Road were planned for 2015-16, but have been delayed to the current year. An amount of £1,700 has been rolled forward via the rollover reserve to meet these costs.
20. **Christmas Lights (£1,453 underspent)** – The underspending relates to expected works in Mill Street not being undertaken and electricity costs now being anticipated at a lower level.
21. **Administration (£7,490 underspent)** – The provision for new office and IT equipment, networking and website development was only partly expended in 2015-16. £7,500 has been rolled forward to meet these costs in 2016-17 via the rollover reserve.
22. **Regalia and Presentations (£2,175 underspent)** – The provision of £2,000 for new “Past Mayor” and “Past Deputy Mayor” badges was not spent in 2015-16 and has been rolled forward via the rollover reserve to meet these costs in 2016-17.

Audit Submission

23. The completed financial statements to be submitted to the Council’s external auditors is attached at Appendix 4. The internal auditor visited the Council on 19th May 2016 to complete his audit work. He completed the return without qualification and without wishing to make a specific report on any matter. His report is included within Appendix 4.
24. It should be noted that the figure for income in the audit return is £486 higher than set out in other parts of this report. This is because the Mayor’s Charity Fund is required to be treated as income to the Council for external reporting purposes, but it is excluded from internal income and expenditure reports for the sake of clarity.
25. The Council is asked to approve the return for submission.

Recommendations

26. The Council are recommended to:
 - a. Approve the Council’s Accounts for 2015-16 as set out in this document, including the use of the rollover reserve to allow the transfer of budgets between financial years and its proposed use in 2016-17.
 - b. Note the variances between the forecast outturn for 2015-16 and the actual outturn, and the reasons identified for the major variances.
 - c. Note that the internal auditor made no comments that he wished to be reported to the Council.

- d. Approve the annual audit return for submission to the Council's external auditors.

Stone Town Council

Appendix 1

Income and Expenditure Account 2015-16

| 2014-15 | | | 2015-16 | |
|--------------------|----------------|---------------------------------------|---------|----------------|
| £ | £ | | £ | £ |
| Income | | | | |
| 14,446 | | Frank Jordan Centre | 16,419 | |
| 12,121 | | Stone Station | 9,713 | |
| 28,287 | | Town Market | 32,851 | |
| 2,122 | | Allotments | 2,884 | |
| 630 | | Tourism & Town Promotion | 630 | |
| 1,733 | | Civic Dinner & Hospitality | 1,210 | |
| 50 | | Miscellaneous | 31 | |
| 551 | | Interest | 683 | |
| | 59,940 | Total Income | | 64,421 |
| Expenditure | | | | |
| 23,052 | | Frank Jordan Centre | 22,993 | |
| 23,331 | | Stone Station | 15,831 | |
| 12,302 | | Town Market | 13,884 | |
| 4,844 | | Car Parking | 4,704 | |
| 1,458 | | Bus Shelters & Street Furniture | 3,103 | |
| 813 | | Street Lighting | 479 | |
| 691 | | Dog & Litter Bins | 698 | |
| - | | Joules Clock | 1,065 | |
| 144 | | Town Electricity Supply | 4,786 | |
| 10,696 | | Grounds Maintenance | 13,052 | |
| 1,941 | | Crown Meadow Improvements | 24 | |
| 2,178 | | Allotments | 1,356 | |
| - | | Environmental Projects | - | |
| 11,385 | | Christmas Lights | 19,247 | |
| 363 | | Advertising | 925 | |
| 7,382 | | Tourism & Town Promotion | 8,440 | |
| 4,700 | | Grants to Outside Bodies | 7,030 | |
| 116,284 | | Salaries & Employment Costs | 119,397 | |
| 4,493 | | Accommodation | 3,047 | |
| 7,509 | | Insurances | 7,272 | |
| 12,320 | | Administration | 12,610 | |
| 965 | | Audit & Legal Fees | 910 | |
| - | | Town Council Elections | 20,022 | |
| 2,706 | | Allowances - Mayor & Deputy Mayor | 2,787 | |
| 328 | | Regalia & Presentations | 325 | |
| 2,598 | | Civic Dinner & Hospitality | 2,289 | |
| 1,839 | | Remembrance Sunday & War Memorials | 1,990 | |
| 1,248 | | Miscellaneous | 1,955 | |
| 250 | | Neighbourhood Plan | 8,305 | |
| | 255,818 | Total Expenditure | | 298,525 |
| | 195,878 | Total Net Expenditure | | 234,104 |
| Financing | | | | |
| 219,811 | | Precept | 223,236 | |
| 18,069 | | Council Tax Support Grant | 18,069 | |
| 11,461 | | Concurrent Functions Allowance | 11,461 | |
| -36,912 | | Transfer from (to) Earmarked Reserves | -10,395 | |
| | 212,429 | Total Financing | | 242,371 |
| | 16,551 | Net Surplus for Year | | 8,267 |

Stone Town Council

Balance Sheet as at 31 March 2016

| 2014-15 | | | 2015-16 | |
|---------|-----------------------|------------------------------------|---------|-----------------------|
| £ | £ | | £ | £ |
| | | Current Assets | | |
| 1,208 | | Debtors | 1,099 | |
| 1,436 | | Payments in Advance | 1,467 | |
| 2,971 | | VAT Recoverable | 1,412 | |
| 325,089 | | Cash at Bank and In Hand | 359,127 | |
| | 330,705 | Total Current Assets | | 363,105 |
| | | Current Liabilities | | |
| 12,788 | | Creditors | 20,920 | |
| 2,114 | | Receipts in Advance | 2,207 | |
| | 14,903 | Total Current Liabilities | | 23,127 |
| | <u>315,802</u> | Total Net Assets | | <u>339,978</u> |
| | | Represented by | | |
| 260,880 | | General Fund Balances | 269,147 | |
| 52,050 | | Earmarked Reserves | 68,445 | |
| 2,873 | | Mayor's Charity Fund | 2,386 | |
| | <u>315,802</u> | Total Reserves and Balances | | <u>339,978</u> |

Stone Town Council

Comparison of Actual 2015-16 with Budget and Forecast

| Actual 2014-15 £ | Actual 2015-16 £ | Actual Compared With Approved Budget | | Actual Compared With Forecast Outturn | | Report Paragraph |
|------------------------|------------------------|---|--------------------------|--|--------------------------|---------------------|
| | | Budget 2015-16 £ | Variance 2015-16 £ | Forecast 2015-16 £ | Variance 2015-16 £ | |
| | | | | | | |
| | | 22,200 | -15,626 | 22,000 | -15,426 | 12 |
| 8,606 | 6,574 | 8,900 | -2,782 | 8,000 | -1,882 | 13 |
| 11,210 | 6,118 | -11,000 | -7,967 | -11,700 | -7,267 | 14 |
| -15,985 | -18,967 | 6,000 | -1,296 | 5,500 | -796 | |
| 4,844 | 4,704 | 8,700 | -5,597 | 12,300 | -9,197 | 15 |
| 1,458 | 3,103 | 500 | -21 | 500 | -21 | |
| 813 | 479 | 700 | -2 | 700 | -2 | |
| 691 | 698 | 900 | +165 | 900 | +165 | |
| - | 1,065 | 5,200 | -414 | 5,200 | -414 | |
| 144 | 4,786 | 14,800 | -14,800 | 14,800 | -14,800 | 16 |
| - | - | 11,600 | +1,452 | 11,700 | +1,352 | 17 |
| 10,696 | 13,052 | 1,700 | -1,676 | 1,600 | -1,576 | 18 |
| 1,941 | 24 | 1,400 | -2,928 | 700 | -2,228 | 19 |
| 56 | -1,528 | 23,500 | -4,253 | 20,700 | -1,453 | 20 |
| 11,385 | 19,247 | 500 | +425 | 300 | +625 | |
| 363 | 925 | 11,100 | -3,290 | 8,700 | -890 | |
| 6,752 | 7,810 | 8,000 | -970 | 8,000 | -970 | |
| 4,700 | 7,030 | 117,800 | +1,597 | 119,300 | +97 | |
| 116,284 | 119,397 | 3,900 | -853 | 3,800 | -753 | |
| 4,493 | 3,047 | 7,300 | -28 | 7,300 | -28 | |
| 7,509 | 7,272 | 20,100 | -7,490 | 20,100 | -7,490 | 21 |
| 12,320 | 12,610 | 900 | +10 | 900 | +10 | |
| 965 | 910 | 21,100 | -1,078 | 20,000 | +22 | |
| - | 20,022 | 2,800 | -13 | 2,800 | -13 | |
| 2,706 | 2,787 | 2,500 | -2,175 | 2,500 | -2,175 | 22 |
| 328 | 325 | 1,000 | +79 | 800 | +279 | |
| 865 | 1,079 | 2,500 | -510 | 2,400 | -410 | |
| 1,839 | 1,990 | 1,200 | +725 | 1,700 | +225 | |
| 1,198 | 1,925 | -300 | -383 | -600 | -83 | |
| -551 | -683 | 15,000 | -6,695 | 8,800 | -495 | |
| 250 | 8,305 | | | | | |
| | 234,104 | 310,500 | -76,396 | 299,700 | -65,596 | |

Section 2 – Accounting statements 2015/16 for

Enter name of
smaller authority here:

STONE TOWN COUNCIL

| | Year ending | | Notes and guidance |
|---|--|--------------------------------|---|
| | 31 March 2015 £ | 31 March 2016 £ | |
| 1. Balances brought forward | 262,792 | 315,802 | Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year. |
| 2. (+) Precept or Rates and Levies | 219,811 | 223,236 | Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received. |
| 3. (+) Total other receipts | 89,469 | 93,951 | Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received. |
| 4. (-) Staff costs | 117,027 | 120,113 | Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses. |
| 5. (-) Loan interest/capital repayments | NIL | NIL | Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any). |
| 6. (-) All other payments | 139,243 | 178,898 | Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5). |
| 7. (=) Balances carried forward | 315,802 | 339,978 | Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6) |
| 8. Total value of cash and short term investments | 325,089 | 359,127 | The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation. |
| 9. Total fixed assets plus long term investments and assets | 246,260 | 248,835 | The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the smaller authority as at 31 March |
| 10. Total borrowings | NIL | NIL | The outstanding capital balance as at 31 March of all loans from third parties (including PWLB). |
| 11. (For Local Councils Only) Disclosure note re Trust funds (including charitable) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions. |

I certify that for the year ended 31 March 2016 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

Date

I confirm that these accounting statements were approved by this smaller authority on this date:

and recorded as minute reference:

Signed by Chair of the meeting approving these accounting statements.

Date

Annual internal audit report 2015/16 to

Enter name of smaller authority here:

STONE TOWN COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

| Internal control objective | Agreed? Please choose only one of the following | | |
|--|---|-----|---------------|
| | Yes | No* | Not covered** |
| A. Appropriate accounting records have been kept properly throughout the year. | ✓ | | |
| B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | ✓ | | |
| C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | ✓ | | |
| D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. | ✓ | | |
| E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. | ✓ | | |
| F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for. | ✓ | | |
| G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied. | ✓ | | |
| H. Asset and investments registers were complete and accurate and properly maintained. | ✓ | | |
| I. Periodic and year-end bank account reconciliations were properly carried out. | ✓ | | |
| J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | ✓ | | |

| K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee. | Yes | No | Not applicable |
|---|-----|----|----------------|
| | | ✓ | |

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

Name of person who carried out the internal audit GEOFFREY W. WRIGHT MBA DMS(dist)

Signature of person who carried out the internal audit  Date 19.05.2016

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).
 **Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).